

A STUDY OF SOPA IN SOYABEAN MARKETING IN MADHYA PRADESH

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Abstract:

Madhya Pradesh and Uttar Pradesh were the states where soyabean cultivation was introduced for the first time. The importance of soyabean crop and its production has been growing since its cultivation began in India and is still growing. Since 1972, the area and overall production of soyabean in Madhya Pradesh increased by 45 times. India like China has been cultivating soyabean since decades. India is among the top five soyabean producing countries in the world. Madhya Pradesh has witnessed rapid progress in the past few years due to special techniques adopted for soyabean cultivation. Cultivated land is left fallow during the Kharif season so that the soil preserves and retains moisture for the coming Rabi season between October to March. Hybrid varieties of soyabean was introduced for cultivation which increased the earning of valuable foreign exchange for the country .All this resulted in Madhya Pradesh being called as Soy state. Numerous inter-related task is carried out during marketing of agricultural products, as the product moves from the farm to the consumer such as planning production, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution advertising and sale.

With the main motive of increasing the production of oilseeds by increasing the area of cultivation and use of modern technology the Government of India introduced two major mission the Technology Mission on Oilseeds (TMO) and Oilseed Production Thrust Project (OPTP) in 1986,1987 . Marketing and price support were also extended to oilseeds. The research aims to study the role played by SOPA in marketing of soyabean in the state of Madhya Pradesh.

Keywords: soyabean, SOPA,cultivation, soy state, agricultural marketing,

1.0 Introduction:

Area of soyabean production in India has increased tremendously over the years. The cultivated area started from just 30,000 ha in 1970 to 9.30 million ha in 2010. The soyabean crop has all the qualities which is best suitable for modern style of cropping.They have good impact on health and they ensure good returns for the farmers.They have become major cash crop of India.The demand of soyabean oil has increased due to rising prices of other edible oils. To meet the ever increasing demand of soyabean oil the farmers had to increase production. The soyabean being produced in India has good growth potential in domestic consumption and have high demand in the export market.The price of Soya and related by-products are decided by domestic crop output,global demand and supply scenario and the prices prevalent in the international market. Organisations like SOPA (Soyabean Processors Association of India) DSR (Directorate of Soyabean Research) and ASA (American Soyabean Association) provide institutional support to farmers of India. India being a major producer of soyabean and related products faces many problems and needs to overcome these problems to enhance production.

The process of transferring farm and other allied products from the producer to consumer which could be from rural to rural,rural to urban and from rural to industrial consumer, all are covered under agricultural marketing. Market information is an important aspect of agriculture marketing system.It improves marketing decisions,controls the competitive market process and simplifies market mechanisms.It also improves efficiency and also provides latest price information prevalent in the market to farmers so that they. can make timely decision about what to grow,when to harvest and which market the produce should be delivered and whether to store the product or not .An efficient marketing system makes all these possible.

2.0 RESEARCH METHODOLOGY:

The need of the study

- To know the role played by SOPA in improving the yield and productivity of soyabean
- To understand the problems faced by SOPA and give suggestions
- To make India leading producer of soyabean

Objectives:

- To study the growth and current scenario of soyabean in the region.
- To study the different functions performed by SOPA in production, procurement and processing of soyabean
- To study agricultural marketing of soyabean and the problems associated with it.

3.0 Literature review:

Though very little work has been carried out in the field of soybean marketing. Some of the important and related studies in the field of marketing of oilseed crops has been taken into consideration.

Raju and Kakadia (1984) studied marketing of groundnut in Rajkot district observed that in the marketing of groundnut regulated markets were the important market channel followed by co-operative societies and village merchant. The correlation coefficient between monthly prices and arrivals was found negative indicating a definite inverse relationship that is groundnut arrival increase prices decrease and vice-versa.

Acharya and Agrawal (1989) studied agricultural marketing in India and observed that the marketing margin of middleman's share is relatively large and the farmer's share is small for those commodities which undergo elaborate processing operation i.e. cotton, oilseeds and paddy. It is further observed that higher volume of marketed surplus tends to decrease the assembling cost thus reducing the marketing cost per unit of product.

Shrivastava (1996) studied the marketing problems which he encountered during the study. The following important marketing problems were identified by him (1) lack of storage facilities (2) Poor quality of produce due to poor retting facilities (3) variations in the quality of production of jute fiber (4) transportation bottlenecks and (5) absence of organized market, market intelligence and market prices. It

Banafar (2002) identifying the three marketing channels in the marketing of soybean in Sehore district of M. P. viz., channel I producer--> village merchant -->wholesaler dealer -->processor -->refiner -->wholesaler dealer (oil) --> retailer (oil) -->consumer channel II producer --> co-operative societies --> processor -> refinery -> wholesaler dealer (oil) -> retailer (oil) -> consumer. Channel III Producer -> wholesaler dealer in regulated market -> processor --> refiner (oil) --> wholesaler dealer (oil) --> retailer (oil) -->consumer. Marketing cost was highest in the channel I and producer's share in consumers rupee was lower as compared to other channel.

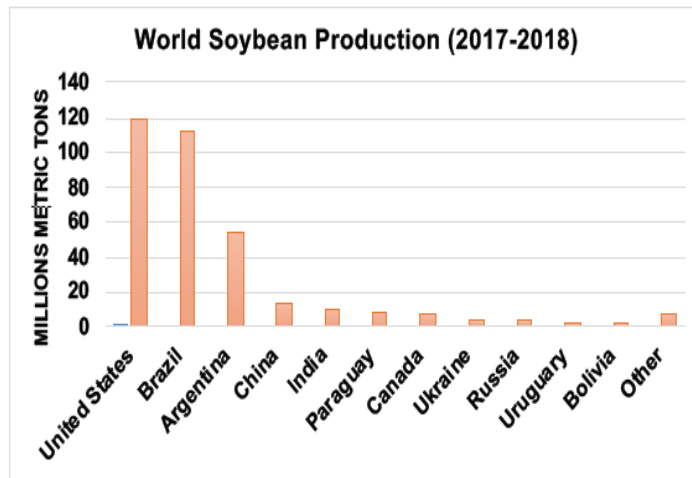
4.0 Introduction:

The second largest state in India, Madhya Pradesh covers 9.5% of the country's area. Largely an agrarian economy it is blessed with rich natural resources, suitable climate and fertile agro climatic conditions. The state employs 77% of the total work force and contributes 40% to the State Domestic Product.(This report is in accordance to the survey report released by the State's Finance Minister).

Table-1 WORLD'S LEADING SOYABEAN PRODUCERS

(Million Metric Tons)

United States	119.52
Brazil	112.00
Argentina	54.00
China	14.20
India	9.50
Paraguay	9.20
Canada	8.00
Ukraine	3.89
Russia	3.50
Uruguay	2.52
Bolivia	2.60
Other	21.8
World	346.92



<https://www.soymeal.org/soy-meal-articles/world-soybean-production>

Madhya Pradesh has 11 agro climatic zones and it is first in producing soybean, pulses, grams and garlic besides it also leads in textile manufacturing, automobiles, food processing, soya processing, engineering and agricultural equipment manufacturing. Large and medium industrial sector of the state has also witnessed growth. It is the largest producer of oilseeds wheat, soybean, sugarcane, rice, cotton, rapeseed, mustard and arhar. In the year 2006 – 07, Madhya Pradesh was the largest producer of pulses, oilseeds and soybean in the country.

Table-2
SOYABEAN PRODUCTION IN DIFFERENT STATES, THE AREA SOWN, EXPECTED YIELD, AND ESTIMATED PRODUCTION

SNo.	States	Kharif 2018		
		Sowing Area	Expected Yield	Estimated Production
1.	Rajasthan	9.212	1025	9.445
2.	Madhya Pradesh	54.099	1094	59.170
3.	Maharashtra	36.390	1054	38.352
4.	Andhra Pradesh	1.791	877	1.571
5.	Chhattisgarh	1.281	865	1.108
6.	Gujarat	1.342	925	1.241
7.	Karnataka	3.190	911	2.906
8.	Others	1.090	955	1.041
	Grand Total	108.395	1059	114.834

Source : SOPA Databank

Area In Lakh Ha., Yield in Kg Per Ha., Production in Lakh MT

Madhya Pradesh share in soyabean production being highest. The state has come to be known as the Soy state because of adoption of unique methods to increase its production. Initial expansion of soyabean was limited to Madhya Pradesh which later spread to cities of Maharashtra, Andhra Pradesh and Karnataka. The rapid expansion in area under cultivation of soyabean, made it the number one oilseed crop in India surpassing groundnut and mustard besides, India becoming the major soyabean growing country in the world. Madhya Pradesh being the largest producer of soybean in India.

The Soybean Processors Association of India (SOPA) is the only national level body representing the soybean processors, farmers, exporters and brokers in India working towards the aim to strengthen soybeans as a viable crop. SOPA works towards encouraging the development and promotion of Soy-Based products in the interest of the farmers as well as the processors. It was discovered that the soil and climatic condition of Madhya Pradesh was best suited for cultivation of soybean. Since then the journey of soybean industry started in M.P.

The major use of soybean, initially was for production of edible oil. During early 1970s, prices of edible oil in the domestic market rose sharply. As a consequence India had to increase the import of edible oil. Between 1981 – 82 and 1987–88, India imported about 44% of the domestic production of edible oil. This was the time when soybean cultivation was being launched in India. It was also observed that since the launch of the TMO in 1986 –87 up until 1996 – 97, oilseed production performed much better than cereals, which were considered the best success story of the green revolution in the country.

On the other hand, liberalization of trade in 1992 accompanied by a devaluation of the exchange rate created a favorable environment for agricultural exports. The production of soybean could not be confined like any other agricultural crop because processing of soybean could result in many products including edible oil. Soybean industry is an industry which uses soybean as raw material and produces varieties of products like soybean oil, tofu, soymilk, soy flour, soy grits, textured soy protein, soy cheese, soy fiber and many more.

5.0 ESTABLISHMENT OF SOYA PLANT

The first soybean processing plant was set up by the Ruchi Group of Industries with the name Ruchi General Foods Pvt.ltd. since then many big groups like Prestige, Vippy, Premier, Dewas Soya etc. started their plants. Initially it was around 105, at present there are some 60+ plants registered with SOPA. Over the years the soybean production has increased to a large extent but the number of plants has gone down because many old plants shut down.

5.1 Soyabean Process:

Soyabean process involves threshing and transport \Rightarrow drying \Rightarrow cleaning \Rightarrow packing and storage . Soyabean processes use-meal and oil processing.

The crushing capacity of the processing plants is much more than available raw material because soybean is a Kharif crop and sown only once in a year and the yield is yearly. The raw material or the soybean seed available to the processing plants are utilized and crushed within few months because the demand for soy bean products especially the soybean oil is too high. In addition to domestic consumption, the products are also exported. In case of Soya processing industry some pre- treatment of raw material has to be done. They are as follows:

Raw material selection \Rightarrow cleaning \Rightarrow drying and storage \Rightarrow naturation \Rightarrow cracking and dehulling-tempering /conditioning flaking \Rightarrow

5.2 Marketing:

It is well known India is an agricultural country with one third population depending directly or indirectly on the agricultural sector and its contribution to the National Gross Domestic Product (GDP) being about 25%. With much emphasis been laid on commercializing of agricultural production marketing becomes indispensable for soybean. Moreover, soybean being both agricultural as well as commercial crop. both agricultural and commercial marketing applies to soybean. Marketing has to be customer-focussed and all those involved in this process must understand buyer sentiments, both in terms of product and business conditions and provide the farmer, processor, transporter, trader, etc. with a profit.

6.0 Agricultural Marketing In India-Challenges

There are several impediments in marketing of agricultural produce. In India the literacy level of farmers is very low so they have limited access to the market information, and middlemen involved in distribution eat away the profits of both farmers and consumers. The farmers are unaware of the government schemes and government funding is also inadequate, so the farmers take financial help from local moneylenders who charge extremely high rate of interest. The technology has not spread to rural domain as it has to urban areas. Several loopholes in the present legislation still exist and there is lack of organized and regulated marketing system for marketing the agricultural produce in the country. The farmers continue to face lot of hardships and they have to struggle hard to get fair and just price for their drudgery.

6.1 Major constraints in the low productivity of Soybean in Madhya Pradesh:

- The inconsistent and irregular monsoon creates lot of problems during soyabean growing season .Overcast spell or sometimes early end of monsoon also creates problem. Often soyabean sowing is done hurriedly as the monsoon sets up without the desired level of cultivation
- Poor nutrient management and unskillful use of chemical fertilizers and zero use of micro-nutrients, lack of use of modern methods like Integrated Nutrient Management (INM) and Inefficient use of natural resources .Poor access of inputs like seed, fertilizers, pesticides to farmers.
- Use of old techniques by farmers.Pre mature and delayed harvesting also leads to poor quality of soyabean.
- The soybean crop is often affected by disease .The farmers rarely make use of any plant protection measures .Weeds infection reduce the yield of soyabean by 50 to 60 percent. Seed replacement is low and even the use improved varieties is very less.
- Water logging is another major problem of low production of soyabean. Water logging in low lying fields leads to stunted growth and nitrogen deficiency. Machine harvesting is also not possible due to water logging
- Pre –monsoon sowing is another constraint as it leads to poor germination, reduces the oil and protein content besides yield reduction due to insufficient soil moisture.
- Inappropriate credit facilities are extended by the government to the small farmers for investments in their farm equipments

6.2 Problems faced by the Soya processing industry in Madhya Pradesh

- As it is an agro-based industry production planning becomes a difficult due task due to poor information and irregular supply of raw material also adds to the problem.
- The period of soybean availability is very short. There is very less information on the actual availability of soybean. There is lack of timely and adequate supply of soybeans of requisite variety and quality in the market, all this leads to less capacity utilization.
- Availability of technical guidance with regard to post harvest handling of soybean is very less. In addition to that the technical awareness for minimizing spoilage and losses is also less.
- Pest and quality problems in soybean apart from high prices and problems in procuring the raw material are also there.
- Cost of production is high due to high cost of inputs like fuel, power, transportation and packaging material, which makes the entire process risky.
- There is high burden of tax on the industry like mandi tax, sales-tax, octroi, customs duty etc. High import duties have to be paid on the import of plant and machinery, spare parts and on certain other inputs to industry.
- The advertising and promotional measures adopted to increase the sales are not upto the expected standards.
- The industry lacks the support of proper and adequate infrastructure such as post-harvest handling, treatment facilities and storage facilities
- Lack of awareness among the general public belonging to all classes, ages and groups about the value and role of soybean and its products as indispensable part of daily diet, in providing vitamins, minerals and proteins. The domestic demand for soya products is inappropriate. Consumers are not aware of benefits and nutritive value of soya products. Due to lack of demand in domestic market the industries are not motivated to improve their productivity. The prices of soya products are very high in India. This is due to low productivity by both farmers and industries
- Heavy and cut throat competition in export and international market of Argentina, USA, Brazil. The exporters of these countries offer the soya products of high nutritive value at very cheaper rates as compared to Soya processing industry in India & M.P. to the world market.
- Unpredictable export market resulting in lack of sustained and dependable demand.
- Duty free import of crude oil has put tremendous pressure on the price front. Margins are water thin.
- Industry operates under high speculation mode due to numerous domestic and global factors.
- High end technology for value added soya food products currently is not available to this industry.
- Discrepancies in choupal, mandi and other procuring centres immensely effect the domestic soyabean trade.
- The Government too is not taking proper initiatives to boost up exports of soya products.

7.0 Reforms in agricultural marketing :

- Farmers who are born into debt, lives in debt and dies in debt. The farmers due to lack of awareness and education approach moneylenders who levy very high rate of interest and take their produce also. Natural calamities worsen the situation So the government should provide loans at low rate of interest to farmers and make the farmers aware and ensure that the welfare schemes introduced reach the remotest rural village. This will ensure a better life for them.
- Provision of subsidized power supply as the expenses towards power consumption is considerably high.
- Development of new network connecting the farmers directly to the consumers to get maximum returns instead of present multiple level distribution channel. Government must help create local outlets at each village where the farmers sell their stocks directly to the consumers or the authorized buyers at fixed prices which would help farmers get better prices for their product. Government must monitor its performance and progress to ensure the farmers get benefitted.
- Measures to control and check or even remove black marketers and hoarders who eat away majority of profits of the farmers.
- Development of information centers for farmers, at village level, to educate them about the worth of their stocks, to inform about various other government schemes, so that they can get direct benefit out of it.
- The old legislations should be updated forthwith with the changing trends and technological inventions.

- In the past there were many channels of distribution system and now the consumers pay less for more. The retail revolution has brought several changes in the retail sector where the retail giants buy in bulk directly from the suppliers and sell to the consumers directly.
- Government should levy single entry tax instead of levying multiple entry taxes either directly or indirectly for the transactions and activities that are involved in agricultural marketing such as transportation, processing, grading etc., as it would benefit both farmers and consumers directly.
- Government procurement centres to be developed besides FCI to purchase the entire stock the farmers are willing to sell with incentive price. Direct marketing can be a lucrative option.
- Increase in the number of godowns and warehouses especially in rural areas to store their produce. It helps the farmers to hold the stocks till the prices are stabilized.
- Development of education program to educate and increase awareness so as to minimize exploitation and malpractices prevalent in the present system.
- Development of standards to bridge the gap between the marketing strategies of agricultural produce in India and abroad. The measure could help farmers reap higher benefits .Our farmers suffer a lot due to this disparity.
- Setting up of much stronger marketing committees having representation from growers, merchants, local bodies, traders and nominees from the govt. There should be collective and integrative efforts and energies from all quarters for ensuring just price for farmers.

7.1 Suggestions :

- Along with tofu (Soy paneer) and soymilk, de – fatted soy flour based soy food such as soya – fortified atta, soya besan, snack food etc. should be emphasized. And efforts should be made to make available these Indian Soya products on the supermarkets shelves so as to create awareness among the customers regarding its uses and also to increase its consumption.
- Soy based foods must be promoted in India through the Pradhan Mantri Gramoday Yojna (PMGY) and Integrated Child Development Services (ICDS),anganwadi programs and other rural development schemes .While undertaking trading activities with neighbouring countries and other underdeveloped countries of the world the Government of India must promote these products to increase its export.
- Efforts must be undertaken to ensure that and soy products should be made consistent with the Indian palate, so that soy food can be embraced by the Indian population. The packaging costs of soy products should be minimized
- Industries should jointly advertise and promote the soya products in international market. treated as a high priority industry and as an export oriented industry, providing it with all vital inputs including finance at affordable prices,and other important necessities.
- Using print and electronic media, to increase public awareness of the health and nutritional benefits of Soy, particularly that soy food are inexpensive and can help to eliminate both malnutrition and chronic diseases associated with over nutrition. Assuring the public that soy is safe.Publicizing that soy based foods are most effective in alleviating malnutrition among children, lactating and expecting mothers and it is of significant value in minimizing low birth weight of children in the country
- Industrial licensing and registration policies should be regulated so as to prevent sickness at all the sectors of Industry. The incidence of all kind of taxes, duties and other levies should be minimized and reduced to levels which the industry can bear. Import duty on import of modern plant and machinery should be reduced, so that quality product can be produced and its cost be reduced so as to become competitive in world market.
- Infrastructure facilities needed for post harvest handling, storage and transportation should be provided at affordable cost.
- Research and Development in the field of developing soybean varieties should be encouraged so as to get higher yield with quality product.
- Product promotion and Marketing of the processed products to be undertaken in the domestic and export markets on a massive scale and full financial support should be provided by the government.
- The genetic base of Indian soybean varieties should be broadened. All possible aid and encouragement should be extended to the industry to modernize its management techniques and systems and to carry the industry forward into the 21st century.
- The Government should give a special place to soybean in its agriculture policy.

- The Government should take up measures for the proper distribution of the seeds needed for cultivation. In addition to this efforts should also be made so that the fertilizers and insecticides are made available to the farmers.
- Special training related to latest cultivation and harvesting techniques must be given to the farmers. For this, the State Department of Agriculture needs to take up extra efforts.
- All possible aid and encouragement should be extended to the industry to modernize its management techniques and systems and to carry the industry forward into the 21st century.

7.2 General suggestions :

- To minimize the cost of production and the incidence of non-availability of raw material. farmers should be given contract for their raw material that is the soybean seeds, both the farmer as well as the companies would be benefitted by doing this
- Keeping in mind the condition and the requirement of the industry the Government should determine the Minimum Support Price of the Soybean seed. There should be a balance between the Agricultural and Industrial Policy of agro-based industries.
- The Government of Madhya Pradesh is more concerned about the farmers and it can be noticed that this concern sometimes proves non-beneficial for the industries. For example, if the price of soybean seed is kept high the farmers would gain but the industries would be at loss and the consumers also would suffer. If the price of seed is high, the cost of raw material and the cost of production would increase and in turn the price of the finished goods would also increase. If the prices are high then it becomes very difficult to compete in the international market.
- There are many other products that can be manufactured out of soybean seeds, this also includes value added soy products. The companies should resort to production of such soy products which can be easily exported. This would make their financial condition better. The Government should make a separate policy for the Soya Processing Industry because this industry has a very bright prospect and immense potential .
- There is no export incentives given by the government to Soy Value Added Products, this leads to higher prices in the international market. Therefore a specific percentage of incentive should be made available to soy products exporters to make the price competitive enough in International Market.

8.0 Conclusion:

Sincere efforts needs to be taken to remove the anomalies associated with the industry and also the farmers so that India becomes world leader in the production and marketing of soyabean in the world.

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